



BUSINESS PLAN · INDIA

Food and Beverage Franchise

Asking for the list of units that closed

FOOD SERVICE

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **Food & Beverage Franchise Operating Business** in India — a multi-unit franchisee running sixteen outlets across three brands by Year 3 (a QSR format, a casual-dining format and a beverage-and-dessert kiosk format), with a delivery and aggregator channel, an events and bulk-order line, and a small area-development and sub-franchise support activity.

The vertical's anchor established that **leading indicators must be published where harm is delayed and untraceable, that the margin under price pressure comes out of the ingredient or the wage, and that a handler who cannot afford to report sick is an outbreak already costed. All of it applies at unit level. What is specific to a franchisee is that he has bought a business whose specification, supply price and menu belong to somebody else.**

☐ **THE PERFORMANCE DATA A FRANCHISE BUYER RECEIVES CONTAINS ONLY THE OUTLETS THAT ARE STILL OPEN. "Our average outlet does ₹2.4 crore" is computed across surviving units — the closed ones, the distressed transfers and the below-average performers who sold out at a loss are simply absent from the denominator, and India has no franchise disclosure statute requiring otherwise. So a prospective franchisee is shown an average that is a SURVIVORSHIP ARTEFACT and presented with it as a forecast, and he cannot tell the difference because he has never seen the list of units that were opened. Nobody is lying: the surviving outlets really do average that number, and the person quoting it usually believes it is the relevant figure. So before signing anything, this business DEMANDS UNIT-LEVEL P&L FOR EVERY OUTLET THE BRAND HAS EVER OPENED INCLUDING CLOSED ONES, together with the closure and distressed-transfer count — and DECLINES THE BRAND WHERE THE DENOMINATOR IS WITHHELD, which happened eleven times in Year 3. And it applies the same rule to itself: OUR OWN UNIT-LEVEL ECONOMICS ARE PUBLISHED INCLUDING THE THREE UNITS WE CLOSED. WHERE PERFORMANCE DATA EXCLUDES THE FAILURES, THE AVERAGE IS A SURVIVORSHIP ARTEFACT — DEMAND THE DENOMINATOR.**

☐ **AND THE MANDATED-SUPPLY MARKUP IS A ROYALTY NOBODY CALLS A ROYALTY. A franchise agreement states a royalty of 6% and an advertising fund of 2%, and then requires the franchisee to buy specified inputs from the franchisor or a nominated supplier at a price he does not negotiate — and the margin inside that price is a further take that appears nowhere in the headline terms. So the COMBINED EFFECTIVE TAKE RATE is measured and published: royalty 6%, ad fund 2% and MANDATED-SUPPLY MARKUP 6% AGAINST OPEN-MARKET PRICE, totalling 14.0% of our revenue — and a brand whose supply markup exceeds a stated ceiling is not signed.**

☐ **AND THE FOOD-SAFETY LIABILITY IS THE OPERATOR'S EVEN WHERE THE PROCESS IS THE BRAND'S. A brand SOP that cannot be run safely at a real site with real staffing is still the franchisee's FSSAI licence and the franchisee's incident — so eight brand SOPs were REFUSED as un-runnable and alternatives negotiated, and the anchor's leading indicators are published at unit level.**

This plan models an operator requiring **₹9.60 crore** (₹3.60 crore investor + ₹3.60 crore term loan + ₹1.80 crore promoter + ₹60 lakh working capital), moving from **₹12.00 crore revenue and a ₹94 lakh loss** to **₹54.00 crore revenue and ₹3.24 crore profit** by Year 3 — a 6.0% net margin and 28.6% return on capital across sixteen outlets. (Multi-unit franchising — figures illustrative.)

2. Business Description, Vision & Legal Structure

Concept: A franchisee that asks for the list of units that closed.

Vision: To be the operator brands want and the operator a prospective franchisee can learn from.

Mission: Demand the denominator before signing; measure the whole take rate including the supply markup; publish our own unit economics including the ones that failed; refuse a brand SOP we cannot run safely; and carry the food-safety discipline the licence puts on us regardless of whose process it is.

Legal structure

- **Private Limited** — recommended. Multi-brand franchise agreements, multi-site leases, bank funding and outside capital all assume it.
- **Separate SPV per brand** where a franchisor requires it or where cross-default risk between brands should be contained.
- **Site and brand approval held by the promoter — because the decision to sign a brand is irreversible for five to ten years and the fit-out is sunk on day one.**

Regulatory anchor: a business governed almost entirely by a private contract and a public food licence, with very little in between. **INDIA HAS NO FRANCHISE DISCLOSURE STATUTE — no equivalent of a franchise disclosure document with mandated unit-performance history, no cooling-off period, and no requirement to disclose closures — so everything a franchisee learns before signing is what the franchisor chooses to provide, and the asymmetry is structural rather than incidental. The agreement itself is ordinary contract law, which cuts both ways: an overbroad post-term restraint may be unenforceable, but a territory that is not exclusive is simply not exclusive, and a renewal that is at the franchisor's discretion is exactly that. Against this, the PUBLIC obligations sit on the franchisee alone: the FSSAI licence is in his name, Schedule 4 compliance is his, the staff are his employees for EPF/ESI and wage purposes, and a food-safety incident is his liability even where the process was mandated by the brand. The franchisee therefore holds all of the operating liability and none of the specification control, which is the structural fact this plan is built around.** Then: shops and establishments, fire and occupancy per outlet; trade mark licensing and its recordal; aggregator platform agreements; GST; and POSH.

3. Promoter & Ownership

Led by a promoter with multi-unit food retail, hospitality or franchise-operations background. Three competences decide outcomes. *Site selection*, because a franchise is a real-estate bet wearing a brand's clothes and a bad site cannot be fixed by operations, marketing or menu. *Brand due diligence*, since signing a five-year agreement on a survivorship average is the single most consequential and least reversible decision in this business. And *the discipline to walk away*, which in a market where brands court multi-unit operators means declining formats that look attractive and will not disclose their failures. Ownership, equity & investor terms are editable inputs; **brand and site approval sits with the promoter, and no brand is signed without unit-level history for every outlet ever opened.**

4. Market Analysis — India

Indian F&B franchising is expanding rapidly, and the information available to the people buying into it has not kept pace.

Demand drivers

- **Brand proliferation** — domestic and international formats seeking rapid Indian expansion.

- **Mall and high-street development** creating standardised retail supply.
- **Delivery aggregators** extending each outlet's catchment well beyond its footfall.
- **Multi-unit operator preference** among franchisors seeking fewer, larger partners.
- **Category expansion** into tier-2 and tier-3 cities.
- **Capital availability** for proven multi-unit operators.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Organised F&B spend in served catchments	Large and growing; brand-mediated
SAM	Brands willing to disclose full unit history and sites that work	Bounded by DISCLOSURE and SITE QUALITY
SOM (Yr 1-3)	Outlets operated across three brands	₹12cr → ₹54cr; 19 opened, 16 open, 3 closed

Revenue mix and share (Year 3)

Stream	Share of revenue	Why it is there
Brand A — QSR, seven outlets	35.0%	₹2.70cr per outlet; ₹1.08cr contribution
Brand B — casual dining, four outlets	27.0%	₹3.65cr per outlet; ₹1.42cr contribution
Brand C — beverage and dessert kiosk, five outlets	15.0%	₹1.62cr per outlet; lowest capital per site
Delivery and aggregator channel	14.0%	Extends catchment; commission is a real cost
Catering, events and bulk orders	6.0%	Uses kitchen capacity outside peak
Area development & sub-franchise support	3.0%	Where our own disclosure discipline is sold

Three brands rather than one is a deliberate risk position rather than an opportunistic accumulation. A single-brand franchisee is entirely exposed to one franchisor's decisions — a menu change that does not suit his market, a supply price increase, a national advertising campaign he funds and does not benefit from, or a refusal to renew — and has no alternative use for a fitted-out site. Three formats at different capital intensities also mean a bad site can sometimes be re-purposed rather than written off. The area-development line at 3% of revenue matters disproportionately, because it is where this operator's own disclosure discipline is sold to prospective sub-franchisees — and it constrains behaviour, since a business that publishes its closed units cannot recruit on a survivorship average.

Constraints

- **Site availability**, which is the binding constraint and is mostly outside the operator's control.
- **The franchise take rate**, which is contractual and does not fall when performance does.
- **Menu and supply control**, held by the franchisor.
- **Renewal and territory**, which are discretionary in most agreements.

5. Competition & Position

Competitor type	Strength	Weakness this plan exploits
Large multi-brand franchise operators	Scale, capital, site access, brand relationships	Sign on survivorship data; closures rarely published
Single-unit owner-operators	Owner presence, low overhead, local knowledge	No negotiating power; take rate accepted as stated
Independent restaurants	Full menu and supply control, no royalty	No brand pull; must build demand from nothing
Cloud-kitchen operators	Low capital, aggregator-native, fast to open	No footfall, no dine-in occasion, platform-dependent
This plan	Denominator demanded before signing, whole take rate measured, own closed units published, SOPs refused where unsafe	Declines formats competitors sign; slower to scale

The positioning competes for BRANDS rather than for customers, which is the correct arena for a franchisee. A franchisor choosing a multi-unit partner is trying to predict whether this operator will still be running eight outlets in five years, and an operator who can produce three years of published unit-level economics — including his failures — is offering evidence that nobody else in the room has. The same discipline that makes him demanding at signature makes him credible afterwards. And the operators who move first to work with him are the better brands, because a franchisor confident in his format has no reason to withhold a denominator and every reason to prefer a partner who asks for it.

The cost of the honest position is stated in rupees rather than implied. Declining eleven brands in Year 3 because unit-level history including closures was withheld forfeited an estimated ₹4.60 crore of revenue from formats not entered — the largest item, and one that does not appear in any account because it is business never begun. Refusing eight brand SOPs as un-runable safely and negotiating alternatives cost ₹68 lakh in slower openings and bespoke process work. Paid sick leave from day one with relief cover across sixteen sites cost ₹76 lakh. Publishing our own unit-level economics including the three closed units cost an estimated ₹34 lakh in sub-franchise recruitment we could not make on an average. Against that: an 84% survival rate at 36 months against a category where a third of outlets do not reach year three, and brand relationships that improve rather than erode at renewal.

6. The Average That Excludes the Failures

This is the finding, and it operates at the moment of least information and greatest commitment.

What the buyer is shown	What is missing
"Average outlet revenue ₹2.4 crore"	Every outlet that closed before averaging
"Top-quartile outlets do ₹3.8 crore"	What the bottom quartile did
"We have 140 outlets nationally"	How many were opened to get to 140
"Payback in 26 months"	Payback in which units, and how many missed it

Three referral calls to happy franchisees	The franchisees who exited at a loss
What the law requires him to disclose	In India, nothing

The last row is the structural fact. India has no franchise disclosure statute — no mandated document, no unit-performance history, no closure disclosure, no cooling-off period — so everything a prospective franchisee learns is what the franchisor chooses to tell him, and there is no obligation to volunteer the denominator. And nobody is lying: the surviving outlets genuinely do average that number, the referral franchisees are genuinely satisfied, and the person quoting the figure has usually never computed the version that includes closures because nobody has ever asked him to. The result is that the single most consequential and least reversible decision in this business — a five-to-ten-year commitment with a sunk fit-out on day one — is routinely made on a statistic that has been filtered by the outcome it is being used to predict.

So the denominator is demanded before signature and published afterwards. NO BRAND IS SIGNED WITHOUT UNIT-LEVEL P&L FOR EVERY OUTLET IT HAS EVER OPENED, INCLUDING CLOSED UNITS AND DISTRESSED TRANSFERS, together with the count of each — and where that is withheld, the brand is declined, which happened eleven times in Year 3 at an estimated ₹4.60 crore of forgone revenue. Where it is provided, the analysis that matters is survival-adjusted: what a unit opened in year one was actually worth by year four, across all units opened rather than all units surviving. AND THE SAME STANDARD IS APPLIED TO OURSELVES: our own unit-level economics are published including the three units we closed, our survival rate at 36 months is stated at 84%, and our three units currently below break-even are disclosed rather than averaged away. WHERE PERFORMANCE DATA EXCLUDES THE FAILURES, THE AVERAGE IS A SURVIVORSHIP ARTEFACT — DEMAND THE DENOMINATOR, and be prepared to supply your own.

7. The Take Rate, the SOP and the Sunk Fit-Out

Three further commitments, each about a control the franchisee does not hold.

☐ THE MANDATED-SUPPLY MARKUP IS A ROYALTY NOBODY CALLS A ROYALTY. An agreement states a royalty of 6% and an advertising fund of 2% — figures a franchisee models carefully — and then requires him to buy specified inputs from the franchisor or a nominated supplier at a price he does not negotiate and cannot benchmark, and the margin inside that price is a further take appearing nowhere in the headline terms. It is not concealed, exactly: the obligation is in the contract and the prices are on the invoices. But it is not aggregated, and a franchisee who has diligently modelled 8% is frequently paying 14%. So the COMBINED EFFECTIVE TAKE RATE IS MEASURED AND PUBLISHED — royalty 6%, ad fund 2%, mandated-supply markup 6% BENCHMARKED AGAINST OPEN-MARKET PRICE FOR THE SAME SPECIFICATION, totalling 14.0% of revenue — and a brand whose supply markup exceeds a stated ceiling is not signed regardless of how attractive the format looks.

☐ THE FOOD-SAFETY LIABILITY IS THE OPERATOR'S EVEN WHERE THE PROCESS IS THE BRAND'S. The FSSAI licence is in the franchisee's name, Schedule 4 compliance is his, the staff are his employees, and an incident is his — while the SOP, the equipment specification, the supplier and the menu are the franchisor's. That is the plainest liability-control mismatch in this vertical, and it means a brand SOP written for a flagship kitchen with eleven staff can arrive at a site running seven, where it cannot be executed as written. So the anchor's LEADING INDICATORS ARE PUBLISHED AT UNIT LEVEL — cold-chain excursions per 1,000 despatches down from 14.2 to 4.6, log completion to 99.3% — and EIGHT BRAND SOPs WERE REFUSED AS UN-RUNNABLE SAFELY at the staffing the format economics support, with alternatives negotiated rather than the SOP quietly

abandoned in practice. A franchisee who signs an SOP he cannot run has not accepted a standard, he has accepted a liability.

□ **AND THE FIT-OUT IS SUNK ON DAY ONE WHILE RENEWAL IS DISCRETIONARY.** A franchisee spends ₹60-90 lakh fitting a site to a brand's specification, in a lease with a nine-year horizon, under an agreement the franchisor may decline to renew at five — and the fit-out has no value to anybody else. So renewal terms, territory exclusivity and post-term restraint are negotiated **BEFORE** the first site rather than at renewal, brands are chosen partly on the reasonableness of those clauses, and capital is amortised over the **AGREEMENT** term rather than the asset life so that an early non-renewal is visible in the accounts rather than deferred into one.

□ **AND THE ANCHOR'S PEOPLE RULE IS CARRIED AT UNIT LEVEL.** Paid sick leave from day one for every food handler including agency staff, relief within two hours across sixteen sites, and sick days per handler rising from 1.9 to 4.7 — because the outbreak risk sits with the operator whatever the brand manual says, and a short shift at a franchised outlet is resolved the same way it is resolved anywhere.

8. Operations Plan (diligence, sign, open, operate, review)

Brand diligence

- **Unit-level P&L demanded for every outlet ever opened**, including closed units and distressed transfers.
- **Survival-adjusted analysis** across all units opened rather than all units surviving.
- **Combined take rate computed** — royalty, ad fund and supply markup benchmarked against open market.
- **Brand declined where the denominator is withheld**, with the decline recorded.

Site and opening

- **Site selection on catchment and daypart evidence** rather than on brand enthusiasm.
- **Renewal, territory and post-term terms negotiated before the first site.**
- **SOP reviewed for runnability at supportable staffing** before signature, not after opening.
- **Fit-out capital amortised over the agreement term**, not the asset life.

Unit operations

- **Anchor leading indicators recorded and published per unit**, with zero readings investigated.
- **Paid sick leave from day one and relief within two hours** across all sites.
- **FSSAI, labour and fire compliance evidenced at unit level** monthly.
- **Brand SOP deviations documented and agreed** rather than practised informally.

Portfolio review

- **Unit-level economics published including closed units and units below break-even.**
- **Closure decided on pre-declared criteria** rather than deferred by hope.
- **Take rate re-benchmarked annually** against open-market supply pricing.
- **Survival rate at 36 months reported** as the headline portfolio metric.

The operational hinge is a brand offering an attractive format, a good territory and a signing window that closes on Friday, which will not provide the list of units it has closed. The refusal is always framed reasonably

— the data is commercially sensitive, closures were for landlord reasons, older units are not comparable — and every one of those explanations is sometimes true. So the requirement is absolute rather than negotiable, brand approval sits with the promoter alone, and the decline is **RECORDED WITH THE BRAND NAMED INTERNALLY**, so that a pattern of brands unwilling to disclose becomes visible over time rather than being re-argued at each opportunity. The system refuses rather than warns, because a five-year agreement signed on a Friday deadline is the single most expensive mistake available in this business.

9. Franchise Contract, Licence & Operating Compliance (India)

- **Company & tax** — Private Limited, PAN/TAN, GST, shops and establishments per outlet, trade licence.
- **Franchise disclosure** — **INDIA HAS NO FRANCHISE DISCLOSURE STATUTE: no mandated disclosure document, no unit-performance history, no closure disclosure, no cooling-off period. Everything a franchisee learns before signing is WHAT THE FRANCHISOR CHOOSES TO PROVIDE, and the asymmetry is structural rather than incidental.**
- **The agreement** — ordinary contract law; **an overbroad post-term restraint may be unenforceable, but a territory that is not exclusive is simply not exclusive and a renewal at the franchisor's discretion is exactly that.**
- **Food licence & liability** — the FSSAI licence is in the **FRANCHISEE's** name, **Schedule 4 compliance is his, and a food-safety incident is HIS LIABILITY EVEN WHERE THE PROCESS WAS MANDATED BY THE BRAND** — the plainest liability-control mismatch in this vertical.
- **Employment** — outlet staff are the franchisee's employees for EPF/ESI, wages, working hours and POSH, regardless of brand manuals.
- **Trade mark & platform** — licensed use and its recordal; aggregator platform agreements and commission terms.
- **Premises** — fire, occupancy and licensing per outlet; and product liability insurance naming the brand where required.

10. Organisation & Manpower Plan

Function	Yr 1	Yr 3	Notes
Promoter / managing director	1	1	Sole authority to sign a brand or a site
Outlet teams — kitchen & service	118	312	Across sixteen outlets and three formats
Outlet managers & area managers	8	22	Publish unit indicators; cannot vary an SOP informally
Food safety & compliance	2	7	Unit-level indicators; refuses un-runnable SOPs
Relief pool — sick and absence cover	6	18	Within two hours, across all sites
Brand diligence, site selection & development	2	6	Computes the take rate and the denominator
Supply chain & central procurement	3	9	Benchmarks mandated supply against open market
Finance, HR & admin	6	17	Publishes unit-level economics including closures
Total	146	392	Sixteen outlets across three brands

The brand-diligence function is six people and exists to be an obstacle. Its output is mostly refusals — eleven brands declined in Year 3 — and its value is entirely in decisions not made, which makes it the function a growth-minded operator deletes first and the one that determines whether an eight-outlet business becomes

a sixteen-outlet business or three closures and a lawsuit. Placing brand and site approval with the promoter alone matters for the same reason a franchise decision is unlike any other: it is irreversible on day one, the fit-out is sunk immediately, and there is no operational recovery from having signed the wrong format.

11. Implementation Timeline & Milestones

Phase	Window	Milestones
Formation & first brand	Month 0–6	Incorporation, first brand signed on full unit history, 3 outlets
Diligence & take-rate framework	Month 1–7	Denominator standard, supply benchmarking, SOP runnability review
Second brand & format spread	Month 8–18	Casual dining added; first closure decided on pre-declared criteria
Unit indicator publication	Month 6–14	Anchor indicators per unit; paid sick leave and relief pool live
Third brand & kiosk scale	Month 16–28	Low-capital format; delivery channel built across brands
Scale & own disclosure	Month 26–36	16 outlets; own unit economics published including 3 closures

Training and competence

- **Reading a franchise disclosure critically** — what an average conceals and what to ask for.
- **Benchmarking mandated supply** against open-market price for the same specification.
- **SOP runnability assessment** at the staffing the unit economics actually support.
- **Unit-level food-safety discipline**, carried whatever the brand manual provides.

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions, not forecasts or guarantees. They exist to show the drivers of a multi-unit franchise P&L and how the diligence, take-rate and safety disciplines move them. Every input is editable. **The defining economics are that royalty, ad fund and supply markup total 14.0% of revenue and are CONTRACTUAL — they do not fall when a unit underperforms — while rent, staff and the fit-out are equally fixed, which means a franchisee's entire flexibility sits in a very narrow band and a bad site cannot be operated out of trouble.**

12.1 Project cost & funding

Item	₹ lakh	Notes
Outlet fit-out to brand specification — sixteen sites	486	Sunk on day one; no value to anybody else
Franchise fees & territory rights across three brands	168	Non-refundable; amortised over agreement term
Kitchen equipment & brand-specified plant	142	Specification set by the franchisor
Security deposits & lease advances	96	Nine-year horizons against five-year agreements
Unit-level food-safety, logging & compliance systems	34	The liability is ours whatever the manual says

Pre-opening, training & launch marketing	54	Per site, largely brand-mandated
Working capital across sixteen sites	60	Mandated supply is paid on the brand's terms
Contingency & closure provision	20	Because three of nineteen will close
Total project cost	1,060	Funded ₹360L investor + ₹360L term loan + ₹180L promoter + ₹60L WC + ₹100L accrual

12.2 Operating metrics

Metric	Yr 1	Yr 2	Yr 3
UNIT-LEVEL P&L OBTAINED FOR EVERY OUTLET THE BRAND EVER OPENED, INCLUDING CLOSED UNITS / closure and distressed-transfer count obtained / brands DECLINED because the denominator was withheld	100% / 100% / 4	100% / 100% / 7	100% / 100% / 11
COMBINED EFFECTIVE TAKE RATE measured and published — royalty / ad fund / mandated-supply markup benchmarked against open market / total as % of revenue	6% / 2% / 7% / 15.0%	6% / 2% / 6% / 14.0%	6% / 2% / 6% / 14.0%
OUR OWN unit-level economics PUBLISHED including units we closed / cumulative units opened / units open / units closed / survival at 36 months / units currently below break-even, disclosed	100% / 6 / 5 / 1 / n/a / 2	100% / 13 / 11 / 2 / 85% / 3	100% / 19 / 16 / 3 / 84% / 3
Unit-level leading indicators (anchor) published — cold-chain excursions per 1,000 / temperature-log completion / a zero reading investigated / brand SOPs REFUSED as un-runnable safely at supportable staffing	14.2 / 92% / 100% / 3	8.1 / 97% / 100% / 5	4.6 / 99.3% / 100% / 8
Paid sick leave day one including agency staff / sick days per handler per year / relief within 2 hours / FSSAI, labour and fire compliance evidenced at unit level monthly	100% / 1.9 / 94% / 100%	100% / 3.5 / 98% / 100%	100% / 4.7 / 100% / 100%
Outlets / revenue per outlet / contribution per outlet / delivery channel as % of revenue / outlet-level EBITDA margin	5 / ₹1.85cr / ₹0.62cr / 14.0% / 8.4%	11 / ₹2.16cr / ₹0.81cr / 14.0% / 11.6%	16 / ₹2.60cr / ₹1.04cr / 14.0% / 15.4%

Row one's third figure is the one that defines this operator: eleven brands declined in Year 3 because unit-level history including closures was withheld. That number should rise with deal flow, and a year in which it fell to zero would mean either that disclosure practice had transformed or that the standard had quietly relaxed. Row three applies the same test to ourselves — nineteen units opened, sixteen open, three closed, 84% survival at 36 months, and three currently below break-even disclosed rather than averaged away — because an operator demanding a denominator and not supplying one has an argument rather than a principle. Row six's revenue per outlet of ₹2.60 crore and contribution of ₹1.04 crore are blended and stated with their underlying per the library's rule: casual dining ₹3.65 crore and ₹1.42 crore, QSR ₹2.70 crore and ₹1.08 crore, kiosk ₹1.62 crore and ₹0.62 crore.

12.3 Revenue build

Stream	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)	Driver
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Brand A — QSR (7 outlets)	420	980	1,890	₹2.70cr per outlet
Brand B — casual dining (4 outlets)	324	756	1,458	₹3.65cr per outlet; highest contribution
Brand C — beverage & dessert kiosk (5 outlets)	180	420	810	₹1.62cr per outlet; lowest capital
Delivery & aggregator channel	168	392	756	Commission is a real cost, shown separately
Catering, events & bulk orders	72	168	324	Uses kitchen capacity outside peak
Area development & sub-franchise support	36	84	162	Where our disclosure discipline is sold
Total revenue	1,200	2,800	5,400	Illustrative

12.4 P&L summary

Line	Yr 1 (₹L)	Yr 2 (₹L)	Yr 3 (₹L)
Revenue	1,200	2,800	5,400
Food cost including mandated-supply markup <i>(markup component: 6% of revenue)</i>	(468)	(1,036)	(1,890)
Gross profit	732	1,764	3,510
Outlet staff	(232)	(486)	(864)
Paid sick leave & relief cover	(18)	(42)	(76)
Rent & common-area charges	(206)	(412)	(702)
Royalty & advertising fund (8% of revenue)	(96)	(224)	(432)
Unit-level food-safety programme	(42)	(72)	(118)
Utilities & outlet running	(82)	(164)	(286)
Delivery & aggregator commission	(44)	(98)	(189)
Admin, licences, insurance & other	(96)	(154)	(264)
EBITDA	(84)	112	579
Depreciation & amortisation — fit-out over agreement term	(82)	(158)	(234)
Finance cost	(44)	(82)	(118)
Other income — brand opening support, landlord fit-out contribution & interest <i>(disclosed)</i>	85	240	205
PBT	(125)	112	432
Tax	31	(28)	(108)
PAT	(94)	84	324
Net margin	(7.8%)	3.0%	6.0%
ROCE	(17.3%)	(4.8%)	28.6%

The combined franchise take is ₹7.56 crore in Year 3 — ₹4.32 crore of royalty and advertising fund plus ₹3.24 crore of supply markup — which is 14.0% of revenue and 2.3 times this business's entire pre-tax profit. That comparison is the reason the take rate is measured in full rather than modelled at its headline 8%: a franchisee who under-estimates it by six percentage points has under-estimated an amount larger than everything he will earn. Fit-out is amortised over the AGREEMENT term rather than the asset life, which raises depreciation and is the honest treatment, since a franchisor declining renewal at year five leaves an asset with no alternative use. The four commitments total ₹5.38 crore against ₹3.24 crore of PAT, of which ₹4.60 crore is revenue from formats never entered — a cost that appears in no account at all.

12.5 Unit economics including the units we closed (cumulative to Year 3)

Cohort	Units	Cumulative revenue	Cumulative contribution
Casual dining — open	4	₹28.40cr	+₹9.86cr
QSR — open	7	₹36.20cr	+₹11.24cr
Kiosk — open	5	₹14.60cr	+₹3.42cr
Closed — two QSR, one kiosk	3	₹4.80cr	(₹3.86cr)
Portfolio total	19 opened	₹84.00cr	+₹20.66cr

This is the table a franchisor's disclosure would omit, and publishing it is the whole point. The three closed units consumed ₹3.86 crore of cumulative contribution — fit-out written off, lease exit paid, and staff redeployed or paid out — and an average computed across the sixteen SURVIVING units would show contribution per unit of ₹1.53 crore, while an average across all NINETEEN UNITS OPENED shows ₹1.09 crore. That 29% difference is precisely the survivorship gap this plan exists to expose, computed on our own numbers rather than on somebody else's. The three units currently below break-even are disclosed for the same reason: they will either recover or become a fourth row in this table, and either way a reader is entitled to know they exist.

13. Funding Requirement & Bankability

Source	₹ lakh	Terms (indicative)
Investor equity	360	Growth capital; diligence and disclosure covenants
Term loan	360	Fit-out and equipment; 5 years, amortised to agreement term
Promoter contribution	180	Cash and franchise fees
Working capital facility	60	Mandated supply on the brand's payment terms
Total	960	Illustrative structure; balance from internal accrual

A lender should underwrite survival rate and the combined take rate, and should treat the fit-out as a wasting asset tied to an agreement rather than as security. Survival at 36 months of 84% against a category where roughly a third of outlets do not reach year three is the single most predictive number available, and it is only meaningful because closures are counted — an operator reporting 100% survival has either been lucky, is young, or is not counting. The take rate at 14.0% is contractual and does not fall when a unit underperforms, which is what makes a weak site unrecoverable: rent, royalty, supply markup and fit-out amortisation are all

fixed, and the operator's flexibility sits in a band of a few percentage points. Amortising fit-out over the agreement term rather than the asset life is the honest treatment and should be a covenant, since a non-renewal at year five leaves an asset with no alternative use.

- **Use of funds** — 46% outlet fit-out to brand specification, 16% franchise fees and territory rights, 13% kitchen equipment, 9% deposits and lease advances, 5% pre-opening and training, 6% working capital, 3% compliance systems, balance closure provision.
- **Repayment** — term loan from Year 2-3 cash flow, amortised to agreement term rather than asset life; working capital revolving against brand supply terms.
- **Investor exit** — sale of the operating portfolio to a larger multi-unit operator or to the franchisor, subject to transfer consent; or promoter buyback. Transfer consent is a real constraint and is negotiated at signature rather than assumed.

14. Risk Analysis & Mitigation

Risk	Impact	Mitigation
The average that excludes the failures	"Our average outlet does ₹2.4 crore" is computed across SURVIVING units — closed outlets, distressed transfers and below-average performers who exited at a loss are ABSENT FROM THE DENOMINATOR, and India has NO FRANCHISE DISCLOSURE STATUTE requiring otherwise. So the single most consequential and least reversible decision in this business — a five-to-ten-year commitment with a SUNK FIT-OUT ON DAY ONE — is routinely made on a statistic FILTERED BY THE OUTCOME IT IS BEING USED TO PREDICT. And nobody is lying: the surviving outlets really do average that number, the referral franchisees are genuinely satisfied, and the person quoting it HAS USUALLY NEVER COMPUTED THE VERSION THAT INCLUDES CLOSURES BECAUSE NOBODY HAS EVER ASKED HIM TO	NO BRAND SIGNED WITHOUT UNIT-LEVEL P&L FOR EVERY OUTLET EVER OPENED, INCLUDING CLOSED UNITS AND DISTRESSED TRANSFERS, plus the count of each; analysis run SURVIVAL-ADJUSTED across all units OPENED rather than all units SURVIVING; and the brand DECLINED where the denominator is withheld — 11 in Year 3, ~₹4.60 crore of forgone revenue. AND THE SAME STANDARD APPLIED TO OURSELVES: own unit economics published INCLUDING THE THREE UNITS WE CLOSED, 84% survival at 36 months, and three units below break-even disclosed rather than averaged away. WHERE PERFORMANCE DATA EXCLUDES THE FAILURES, THE AVERAGE IS A SURVIVORSHIP ARTEFACT — DEMAND THE DENOMINATOR, AND BE PREPARED TO SUPPLY YOUR OWN
The signing window that closes on Friday	An attractive format, a good territory, and a refusal to provide the closure list — framed reasonably as commercially sensitive data, landlord-driven closures, or older units not being comparable. EVERY ONE OF THOSE EXPLANATIONS IS SOMETIMES TRUE	The requirement is ABSOLUTE RATHER THAN NEGOTIABLE; brand approval sits with the PROMOTER ALONE; and the decline is RECORDED WITH THE BRAND NAMED INTERNALLY, so a pattern of brands unwilling to disclose becomes VISIBLE OVER TIME rather than being re-argued at each opportunity. The system refuses rather than warns, because A FIVE-YEAR AGREEMENT SIGNED ON A FRIDAY DEADLINE IS THE SINGLE MOST EXPENSIVE MISTAKE AVAILABLE IN THIS BUSINESS

The mandated-supply markup nobody calls a royalty	The agreement states royalty 6% and ad fund 2% — figures a franchisee models carefully — and then requires purchase of specified inputs from the franchisor or a nominated supplier AT A PRICE HE DOES NOT NEGOTIATE AND CANNOT BENCHMARK. It is not concealed: the obligation is in the contract and the prices are on the invoices. BUT IT IS NOT AGGREGATED, AND A FRANCHISEE WHO HAS DILIGENTLY MODELLED 8% IS FREQUENTLY PAYING 14%	COMBINED EFFECTIVE TAKE RATE MEASURED AND PUBLISHED — royalty 6%, ad fund 2%, MANDATED-SUPPLY MARKUP 6% BENCHMARKED AGAINST OPEN-MARKET PRICE FOR THE SAME SPECIFICATION, total 14.0% of revenue; re-benchmarked annually; and a brand whose supply markup EXCEEDS A STATED CEILING IS NOT SIGNED regardless of how attractive the format looks. At ₹7.56 crore the take is 2.3× this business's entire pre-tax profit — SO UNDER-ESTIMATING IT BY SIX POINTS IS UNDER-ESTIMATING MORE THAN EVERYTHING THE OPERATOR WILL EARN
The liability is ours, the process is theirs	The FSSAI licence is in the FRANCHISEE's name, Schedule 4 compliance is his, the staff are his employees, and an incident is his — WHILE THE SOP, EQUIPMENT SPECIFICATION, SUPPLIER AND MENU ARE THE FRANCHISOR'S. A brand SOP written for a flagship kitchen with eleven staff arrives at a site running seven, where it cannot be executed as written	The anchor's LEADING INDICATORS PUBLISHED AT UNIT LEVEL — excursions per 1,000 down 14.2 → 4.6, log completion to 99.3%, a zero reading investigated; EIGHT BRAND SOPs REFUSED AS UN-RUNNABLE SAFELY at supportable staffing with alternatives NEGOTIATED rather than the SOP quietly abandoned in practice; deviations DOCUMENTED AND AGREED rather than practised informally; and paid sick leave day one with relief within two hours across all sites. A FRANCHISEE WHO SIGNS AN SOP HE CANNOT RUN HAS NOT ACCEPTED A STANDARD, HE HAS ACCEPTED A LIABILITY
Sunk fit-out against discretionary renewal	₹60–90 lakh fitted to a brand's specification in a nine-year lease under an agreement the franchisor may decline to renew at five — AND THE FIT-OUT HAS NO VALUE TO ANYBODY ELSE	Renewal terms, TERRITORY EXCLUSIVITY and post-term restraint negotiated BEFORE THE FIRST SITE rather than at renewal; brands chosen partly on the REASONABLENESS OF THOSE CLAUSES; fit-out capital AMORTISED OVER THE AGREEMENT TERM RATHER THAN THE ASSET LIFE so an early non-renewal is VISIBLE IN THE ACCOUNTS rather than deferred into one; three formats at different capital intensities so a site can sometimes be re-purposed rather than written off; and transfer consent negotiated at signature rather than assumed at exit
Single-brand concentration	A single-brand franchisee is exposed to one franchisor's decisions — a menu change unsuited to his market, a supply price rise, a national campaign he funds and does not benefit from, or a refusal to renew — with no alternative use for a fitted site	Three brands across three formats and capital intensities as a deliberate risk position rather than opportunistic accumulation; separate SPVs where cross-default should be contained; delivery channel at 14% and catering at 6% providing revenue not tied to any single format's footfall; and area development at 3% building a capability that survives any one brand relationship

Site selection and fixed cost	A franchise is a real-estate bet wearing a brand's clothes, and rent, royalty, supply markup and fit-out amortisation are ALL fixed — so a bad site cannot be operated out of trouble and the operator's flexibility sits in a band of a few percentage points	Site selection on catchment and daypart EVIDENCE rather than brand enthusiasm, held by the promoter; closure decided on PRE-DECLARED CRITERIA rather than deferred by hope — three closed in Year 3 rather than carried; units below break-even DISCLOSED so the decision is visible; and a closure provision held in the funding plan BECAUSE THREE OF NINETEEN WILL CLOSE
Aggregator dependence and commission	Delivery at 14% of revenue carries platform commission and exposes the outlet to ranking and pricing decisions made elsewhere	Commission shown as a SEPARATE COST LINE rather than netted into revenue, per the packaged-food plan's rule; dine-in and catering revenue maintained so no format is aggregator-only; platform terms reviewed annually alongside the franchise take rate; and delivery menu economics assessed per item, since a dish that works at dine-in margins does not always survive commission

15. SWOT Analysis

Strengths • Denominator demanded before signing; 11 brands declined • Whole take rate measured at 14.0%, not the headline 8% • Own unit economics published including three closures • 84% survival at 36 months, honestly counted • Eight brand SOPs refused as un-runable safely	Weaknesses • ₹5.38cr of forgone revenue and cost against ₹3.24cr of profit • Slower to scale than operators who sign on averages • 6.0% net margin against a 14.0% contractual take • Fit-out sunk against discretionary renewal
Opportunities • Franchisors preferring fewer, larger, evidenced partners • Brands confident enough to disclose their denominator • Tier-2 and tier-3 expansion at lower rent • Area development sold on our own disclosure record • Re-purposing sites across three formats	Threats • Non-renewal on a fitted-out site • Supply markup increases outside our control • Rent escalation on nine-year leases • A food-safety incident on a brand-mandated process

16. Recommended AiSevak Tools for This Business

- **Brand diligence pack** — unit-level history including closures, survival-adjusted analysis, decline register.
- **Take-rate calculator** — royalty, ad fund and supply markup benchmarked against open-market price.
- **Own unit-economics publisher** — including closed units, below-break-even units and survival rate.
- **SOP runnability review** — process against supportable staffing, with refusals and negotiated alternatives.
- **Unit-level indicator dashboard** — anchor leading indicators per outlet, with zero readings flagged.
- **Agreement term tracker** — renewal dates, territory terms, amortisation against agreement rather than asset life.
- **Contribution per outlet dashboard** — by format, including closures; never blended alone.

17. Key Assumptions & Notes

- **All financials are illustrative model assumptions, not forecasts, projections or guarantees.** Revenue, outlets, per-outlet economics, take rate, survival and indicator rates are editable inputs; actual outcomes depend on site quality, brand performance, rent and franchisor conduct. Figures are in Indian rupees.
- **The central integrity finding is that the performance data a franchise buyer receives contains only the outlets that are still open.** "Our average outlet does ₹2.4 crore" is computed across surviving units — closed outlets, distressed transfers and below-average performers who sold out at a loss are simply absent from the denominator, and India has no franchise disclosure statute requiring otherwise: no mandated document, no unit-performance history, no closure disclosure, no cooling-off period. **So a prospective franchisee is shown a survivorship artefact and presented with it as a forecast, and he cannot tell the difference because he has never seen the list of units that were opened. Nobody is lying: the surviving outlets really do average that number, the referral franchisees are genuinely satisfied, and the person quoting the figure has usually never computed the version including closures because nobody has ever asked him to. The result is that the most consequential and least reversible decision in this business — a five-to-ten-year commitment with a sunk fit-out on day one — is routinely made on a statistic filtered by the outcome it is being used to predict.**
- **So the denominator is demanded before signature and published afterwards.** No brand is signed without unit-level P&L for every outlet it has ever opened, including closed units and distressed transfers, with the count of each; the analysis is run survival-adjusted across all units opened rather than all units surviving; and the brand is declined where the denominator is withheld — eleven times in Year 3, at an estimated ₹4.60 crore of forgone revenue that appears in no account because it is business never begun. **And the same standard is applied to this operator: our own unit economics are published including the three units we closed, survival at 36 months is stated at 84%, and the three units currently below break-even are disclosed rather than averaged away. The \$12.5 table makes the gap explicit — contribution per unit is ₹1.53 crore across the sixteen surviving units and ₹1.09 crore across all nineteen opened, a 29% difference computed on our own numbers. WHERE PERFORMANCE DATA EXCLUDES THE FAILURES, THE AVERAGE IS A SURVIVORSHIP ARTEFACT — DEMAND THE DENOMINATOR, AND BE PREPARED TO SUPPLY YOUR OWN.**
- **The mandated-supply markup is a royalty nobody calls a royalty.** An agreement states royalty 6% and advertising fund 2% — figures a franchisee models carefully — and then requires him to buy specified inputs from the franchisor or a nominated supplier at a price he does not negotiate and cannot benchmark. **It is not concealed: the obligation is in the contract and the prices are on the invoices. But it is not aggregated, and a franchisee who has diligently modelled 8% is frequently paying 14%. So the combined effective take rate is measured and published — royalty 6%, ad fund 2% and supply markup 6% benchmarked against open-market price for the same specification — re-benchmarked annually, with brands exceeding a stated ceiling declined. At ₹7.56 crore in Year 3 the combined take is 2.3 times this business's entire pre-tax profit, so under-estimating it by six percentage points means under-estimating an amount larger than everything the operator will earn.**
- **The food-safety liability is the operator's even where the process is the brand's.** The FSSAI licence is in the franchisee's name, Schedule 4 compliance is his, the staff are his employees for wage and social-security purposes, and an incident is his — while the SOP, the equipment specification, the supplier and the menu belong to the franchisor. **That is the plainest liability-control mismatch in this vertical, and it means a brand SOP written for a flagship kitchen with eleven staff can arrive at a site running seven, where it cannot be executed as written. So the anchor's leading indicators are published at unit level, eight brand SOPs were refused as un-runable safely at supportable staffing with alternatives negotiated rather than the SOP quietly abandoned in practice, and deviations are documented and agreed. A franchisee who signs an SOP he cannot run has not accepted a standard — he has accepted a liability.**

- **The fit-out is sunk on day one while renewal is discretionary, and the accounts should say so.** A franchisee spends ₹60–90 lakh fitting a site to a brand's specification, in a lease with a nine-year horizon, under an agreement the franchisor may decline to renew at five — and the fit-out has no value to anybody else. **So renewal terms, territory exclusivity and post-term restraint are negotiated before the first site rather than at renewal; brands are chosen partly on the reasonableness of those clauses; and fit-out capital is amortised over the agreement term rather than the asset life, which raises reported depreciation and is the honest treatment because an early non-renewal is then visible in the accounts rather than deferred into one.** Three brands at different capital intensities also mean a difficult site can sometimes be re-purposed rather than written off.
- **The economics leave very little room, which is why the diligence matters more than the operations.** Royalty, advertising fund and supply markup total 14.0% of revenue and are contractual — they do not fall when a unit underperforms — while rent, staff and fit-out amortisation are equally fixed, so a franchisee's entire flexibility sits in a band of a few percentage points and a bad site cannot be operated out of trouble. **The four commitments total ₹5.38 crore against ₹3.24 crore of PAT, and the brand-diligence function that produces most of them is six people whose output is mostly refusals — which makes it the function a growth-minded operator deletes first and the one that determines whether this becomes a sixteen-outlet business or three closures and a lawsuit.** Survival at 36 months of 84% is the headline portfolio metric, and it is only meaningful because closures are counted: an operator reporting 100% survival has either been lucky, is young, or is not counting.
- **Compliance and professional advice.** India has no franchise disclosure statute, so pre-contract information is entirely a matter of what the franchisor provides and the asymmetry is structural; the agreement is ordinary contract law, under which an overbroad post-term restraint may be unenforceable but a non-exclusive territory is simply non-exclusive and a discretionary renewal is exactly that; the FSSAI licence, Schedule 4 compliance, food-safety liability, EPF/ESI, wages, working hours and POSH all sit with the franchisee regardless of brand manuals; trade mark licensing and its recordal; aggregator platform agreements and commission terms; shops and establishments, fire and occupancy per outlet; product liability insurance naming the brand where required; and GST. **Professional advice should be taken before signing any franchise agreement,** specifically on renewal, territory, transfer consent, post-term restraint, mandated-supply obligations and the allocation of food-safety liability.

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